



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

AMENDED
FACT SHEET FOR S.B. 1379

vacation rentals; short-term rentals; enforcement

Purpose

Allows a city, town or county (local government) to regulate a short-term rental or vacation rental (short-term rental) by requiring the owner obtain liability insurance. Replaces civil penalties for verified violations and caps locally-imposed civil penalties at the prescribed amounts. Allows the Arizona Department of Revenue (ADOR) to suspend a short-term rental owner's transaction privilege tax (TPT) license.

Background

A local government may not restrict the use of or regulate short-term rentals based on their classification, use or occupancy, except to: 1) protect the public's health and safety; 2) adopt and enforce residential use and zoning ordinances, including ordinances related to noise, protection of welfare, property maintenance and other nuisance issues; and 3) limit or prohibit the use of a short-term rental for specifies purposes. Local government residential use and zoning ordinances must be applied to short-term or vacation rentals in the same manner as other class 3 and class 4 property (A.R.S. §§ [9-500.39](#) and [11-269.17](#)).

A short-term rental owner or online lodging operator must pay a civil penalty for a *verified violation* of the prohibition on using a short-term rental for nonresidential uses or of state law or local ordinance regulating short-term rentals. If the local government did not impose a civil penalty, a short-term rental owner or online lodging operator must pay: 1) \$500 for the first verified violation; 2) \$1,000 for a second verified violation within 12 months on the same property; and 3) the greater of \$1,500 or 50 percent of the gross monthly revenues for the month the violation occurs, for a third or subsequent violation within 12 months on the same property. If the local government imposed a civil penalty, the short-term rental owner or online lodging operator must pay the difference between the statutory amount and the amount of the civil penalty the local government imposed ([A.R.S. § 42-1125.02](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Removes the specification that the ordinances a local government may adopt and enforce, if applied in the same manner as other class 3 and class 4 property, be residential use and zoning ordinances.
2. Allows a local government to require a short-term rental owner to:
 - a) maintain liability insurance appropriate to cover the short-term rental in the aggregate of at least \$500,000; or
 - b) advertise and offer each short-term rental through a hosting platform that provides at least \$500,000 in liability insurance coverage.

3. Allows ADOR to suspend for one year the TPT license of a short-term rental owner that has three verified violations within the same 12-month period.
4. Caps, at \$1,000, the civil penalty a local government may impose on a short-term rental owner for every 30 days the owner fails to provide contact information for a person responsible for responding to complaints, if required by local ordinance.
5. Caps the civil penalty a local government may impose on a short-term rental owner at:
 - a) the greater of \$500 or one night's rent, as advertised on an online lodging marketplace, for the first verified violation;
 - b) the greater of \$1,000 or two night's rent, as advertised on an online lodging marketplace, for the second verified violation on the same property within 12 months; and
 - c) the greater of \$3,500 or three night's rent, as advertised on an online lodging marketplace, for the third and any subsequent verified violation on the same property within 12 months.
6. Replaces the statutory civil penalties for a verified violation, if a local government does not impose a civil penalty, with:
 - a) the greater of \$500 or one night's rent as advertised on an online lodging marketplace for the first verified violation, rather than \$500;
 - b) the greater of \$1,000 or two night's rent as advertised on an online lodging marketplace for the second verified violation on the same property within 12 months, rather than \$1,000; and
 - c) the greater of \$3,500 or three night's rent as advertised on an online lodging marketplace for the third and any subsequent verified violation on the same property within 12 months, rather than the greater of \$1,500 or 50 percent of the lodging accommodation's gross monthly revenues for the month the violation occurred.
7. Requires a local government to provide a short-term rental owner 30 days' notice before imposing an initial penalty for failing to provide contact information.
8. Defines *lodging accommodation* and *online lodging marketplace* relating to local government regulation of short-term rentals.
9. Makes technical and conforming changes.
10. Becomes effective on the general effective date.

Amendments Adopted by Committee

1. Modifies the limits on local civil penalties to be the greater of the outlined amounts based on the advertised nightly rent or:
 - a) \$500 for the first verified violation;
 - b) \$1,000 for the second verified violation; and
 - c) \$3,500 for the third verified violation.
2. Authorizes ADOR to suspend, rather than revoke, a short-term rental owner's TPT license.

Amendments Adopted by Committee of the Whole

1. Removes the authorization for a local government to restrict the adult occupancy of a short-term rental to two adults per bedroom, up to four bedrooms, plus two additional adults per 1,000 square feet of livable space in excess of 3,000 square feet of livable space.
2. Modifies the civil penalties imposed on a short-term rental owner for verified violations, if the local government did not impose a penalty, to be the greater of the amounts prescribed based on the nightly rent as advertised or:
 - a) \$500 for the first violation;
 - b) \$1,000 for the second violation; and
 - c) \$3,500 for the third violation.

Senate Action

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Prepared by Senate Research

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